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Allen County's Annual Trending Summary 2008 Pay 2009

Allen County performed preliminary ratio studies on all neighborhoods at the township level. An analysis of the statistics helped indicate which areas needed the most concentration for this year in regards to both sold and unsold properties. Some areas required re-delineation of neighborhood lines, while others required further stratification of homes. House types were added to many of the neighborhoods that did not have them last year. Field checks were performed on the areas that re-delineation and/or further stratification did not correct. New neighborhoods were created in some townships that had new subdivisions for 2008 pay 2009.

The different townships addressed a lot of issues that were unique to their areas (i.e. annexations, high rates of foreclosures, etc.) Wayne Township experienced a tremendous amount of foreclosures between 2006 and 2007. (see the next pages for an explanation of what was done in the foreclosure areas)

Residential land values were developed for new subdivisions and adjusted in areas that sales indicated change. After these steps were taken, neighborhood factors (annual adjustments) were calculated for each neighborhood. These neighborhood factors were applied and the statistics were calculated again. Further analysis was done where it was required.

Our income database has been getting bigger and more detailed. We used a gross rent multiplier model to value residential rental properties.

Commercial and industrial cost tables were updated this year to reflect new improvement values. The Nexus Group Construction Cost Index (NCCI℠) was used to update these cost tables. We also changed the year of depreciation from 2006 to 2007. Appraisals, sales comparables, and income data was also used to trend commercial and industrial values. Along with this information are surveys and other tools that local appraisers have shared with us to help expose our staff members to as much relevant information as possible.

Wayne Township

Note: Our field representative, Terry Knee, was involved in this process. We notified him of the issues we were having and kept him up to speed on the process.

Areas in Wayne Township that received special attention during the trending process included condominiums and foreclosure neighborhoods.

The condominiums were handled in various ways, each determined by the sales in the complex. In the Covington Condos, including Chateau Provincial (#851001), Gouvenor (#851004), Grande Maison (#851005), and Mount Vernon (#851007), prices were set based off of the few current sales along with time trended sales from years past. In the Midtowne Condo Complex (#851006) new information arose regarding the number of bedrooms and square footage per unit. This information required an adjustment of our data as well as the way the units were stratified. These units are now stratified based on number of bedrooms, as well as their view.

Neighborhoods in the southeastern portion of Wayne Township were handled differently due to the high percentage of foreclosures and rentals in the area. This area has also been the subject of mortgage fraud, resulting in an over inflation of sales. (See Exhibit A) The 10,671 parcels in the following neighborhoods were affected by the above circumstances:

371106	371408	371450	371805
371135	371409	371457	371809
371148	371410	371502	371810
371158	371419	371503	371812
371159	371421	371506	371817
371174	371425	371507	371819
371175	371426	371610	371903
371203	371427	371706	371904
371215	371428	371711	372001
371249	371430	371714	372101
371284	371442	371715	372105
371320	371445	371720	372106
371402	371447	371721	372108
371405	371448	371723	
371406	371449	371803	

Within these neighborhoods, all transfers were analyzed with emphasis put on sales following foreclosures and valid sales. Due to the extremely wide dispersion of sales, a realtor, Judy

Macon, who specializes in sales in this area, was brought in to help narrow the value ranges in the area. (See Exhibit B)

Upon reviewing the values discussed with Ms. Macon and analyzing the sales, a process was created to help pinpoint the values within the neighborhoods. Foreclosure sales were separated out from the valid sales. Then, the upper half of the foreclosure sales and the lower half of the valid sales were combined. This helped eliminate the outliers from both foreclosures and the inflated sales from the mortgage fraud. This data was then trimmed to arrive at the sales used to create the factor and determine the value in any given neighborhood. After the factors were applied and the neighborhoods were priced out, Ms. Macon was brought back in to reaffirm the values within the neighborhoods.

Within these affected areas the assessed value of any given property dropped drastically. (See Exhibit C) This was due to many factors; first of which, were the previous years values being based on inflated sales from the mortgage fraud experienced throughout the area. The second of which is the high rate of foreclosures happening within the area. Both of these factors, have started a downslide in the values of these properties. These trends are still being witnessed in today’s sales.

Exhibit A

Investors Take Real Estate Company to Court Over Fishy Mortgage Deals

By Dan Stockman

A dealmaker who had investors obtain loans for up to double the selling price of rental homes is being sued by a dozen of those investors who say he owes them more than $8 million.

The filing, by 12 petitioners from Fort Wayne, Woodburn, Columbia City, Churubusco and Decatur, asks the U.S. bankruptcy Court in Fort Wayne to force J.T. Real Estate Investments LLC into Chapter 7 bankruptcy.

The 12 say J.T. Real Estate owes them a combined $8,252,453 for houses they bought through deals arranged by J.T. Real Estate. They later sold the houses to J.T Real Estate, which was supposed to make payments matching the investors' mortgage payments.

J.T. Real Estate Investments is the limited liability corporation created by Jeff Radabaugh of Van Wert, Ohio. In February, Radabaugh was identified as the dealmaker behind the sale of more than 100 houses in which mortgage loans were dramatically higher than the sale price. Only the higher price was recorded in official documents.

Radabaugh at the time said the deals were "absolutely" legal. But a publication by the FBI says these types of arrangements are often used to conduct mortgage fraud.

Now, Radabaugh's deals have fallen apart, with some investors saying in court documents they are owed more than $1 million each.

In a response filed Thursday, J.T. Real Estate denied not paying its debts and argued the investors are not eligible to file their petition.

Three messages left for Radabaugh's attorney, Robert Nicholson, were unsuccessful.

Usually, people enter bankruptcy court voluntarily, seeking relief from the their creditors. After examining their income and assets, the court can impose a schedule of payments to pay off some or all of that debt. In this case, creditors are asking for the bankruptcy for the debtor.

Attorney Daniel Serban, representing the investors suing J.T. Real Estate, said the deals fell apart because Radabaugh's pool of buyers dried up. Without the cash from new mortgages coming in, Serban said, there wasn't enough money to keep the previous buyers paid.

"Because the mortgage values were inflated, the rents weren't enough to cover the mortgage," Serban said. "It was kind of a big pyramid scheme thing – if (Radabaugh) couldn't keep expanding his mortgages, it fell apart.

Headed for foreclosure

The deals worked like this: Radabaugh would find a rental house for sale and offer the seller an option to buy it – giving Radabaugh the legal right to buy it far a certain period of time and prohibiting the seller from selling to someone else until the option expired.

Within the next few weeks, Radabaugh would return with an investor and close on the house, with the seller getting his or her asking price, but the buyer paying much more, using a mortgage based on the higher price. Radabaugh kept the difference, with the payment shown on disclosure statements as an "assignment fee," sales documents obtained by the newspaper show.

Afterward, Radabaugh would buy the house from his investor on a land contract, with the payments he was making set to match the investor's mortgage payment, Serban said, but he has stopped making his payments.

J.T. Real Estate, in its court filing, denies not paying its debts as they are due.

Serban said that normally all the investors could hope to get back is the houses – houses that they owe thousands more in mortgages than the homes are worth. But the court filing seeks a Chapter 7 Bankruptcy for Radabaugh, which would let investors lay claim to any other assets J.T. Real Estate Investments owns, such as a farm outside Van Wert, Serban said, and property in Monroeville.

Serban said he expects most of the housed to be foreclosed, because the rents they can bring in are far less than the mortgage payments on them.

When Radabaugh's activities were first reported to The Journal Gazette, the newspaper identified 10 investors who bought 124 homes; in 96 of those sales, a participant in the deal said it was arranged by Radabaugh. Serban said he has found 19 investors and believes there could be up to 30.

"They won't be able to afford to keep the houses," Serban said of his clients. "At least they're getting some cash out of it," by collecting rent until the foreclosure happens, he said.

Disclosure doesn't OK fee

Radabaugh and Greg Lutz, the owner of Lincoln Title co., which handles most of the deals, contended that as long as Radabaugh's assignment fee was disclosed, the deal was legal. But an April 2005 publication the FBI prepared for the Mortgage Bankers Association says perpetrators in mortgage schemes often – incorrectly – make the same argument.

"Often the funds are diverted from the closing agent to the perpetrator through a third party business name listed on the assignment fee," the FBI paper says. "The assignment fee proceeds are then used by the perpetrator for personal benefit and fro disbursement of 'kickbacks' to co-conspirators which may include the buyer, seller, appraiser, and closing agent."

Assignment fees, the FBI says, are only rarely used in the resale of residential property; they're usually used when a developer sells, say, condos at preconstruction prices and the investor, instead of buying the finished property, sells his interest at post-construction prices.

The difference in rice is shown as an assignment fee.

In Radabaugh's case, the prices of houses sometimes doubled at the closing table the newspaper found.

In February, Radabaugh denied that prices doubled at the closing table, and said his deals only mirror the classic theme of buy low and sell high.

Bradley Lane of Decatur, one of the investors suing Radabaugh, bought the house at 114 W Taber St. for $70,000, with a mortgage of $63,000. But the seller Pretty Decent Investments, only got its asking price of about $39,000. The settlement statement for the purchase, obtained by the newspaper, shows a $30,418 assignment fee to Radabaugh's company.

The suit says Radabaugh now owes Lane $595,672 in payments on the eight houses Radabaugh bought back from Lane.

Taken advantage of?

In Radabaugh's deals, Radabaugh would pay the buyers thousands of dollars after each purchase. Ann Fulmer, an Atlanta attorney and nationally recognized expert in mortgage fraud, says that is often a classic sign of fraud, as the borrowers are being paid for signing documents.

In February, Radabaugh and some of the investors said the payments were actually down payments toward the purchase of the house by Radabaugh on land contract from the investor. Neither one, however, could explain why Radabaugh would pay double or more the price for the house when he had a legal right to buy it at the original seller's price.

None of the land contracts on the properties in question was recorded at the Allen County Recorder's Office; if they had been, it would have been the only public link between Radabaugh's name and the property deals he handles.

"The buyers, they thought this is the way it was done. They didn't know there was anything improper about it," Serban said. "They trusted (Radabaugh)."

Serban said his clients were taken advantage of.

"They knew something of real estate, but they also didn't want to be managing the (rental) properties," Serban said. "(Radabaugh) needed two things from these people: Good credit to get the mortgages and that they didn't know too much about the market."

According to letters sent to a participant in some of the deals, Radabaugh is under investigation by the Indiana Attorney General's Office for practicing real estate without a license, though the office can neither confirm nor deny the investigation is taking place.

Indiana law only allows people to arrange sales of real estate if they are in the chain of ownership; the recorded documents do not show Radabaugh ever had any interest in the properties in question.

As seen in the Fort Wayne Journal Gazette on July 22, 2007

Exhibit B

September 9, 2008

I was contacted by the Wayne Township Assessor's office regarding the values in the southeast portion of their township. I met with the township to review the neighborhoods on a map and to discuss my estimate of values within each neighborhood. After a few weeks, I was contacted again to come in and review the values set by Wayne Township. Upon reviewing their assessed values, I agree with their estimates of value.

Judy Macon

- Broker/Owner
- Member of the Fort Wayne Area Association of Realtors and National Association of Realtors, specializing in residential sales.
- Chair person of the Fort Wayne Housing Authority
- President of Property Tax Assessment Board of Appeals

Exhibit C

Neighborhood	Percent Change	Neighborhood	Percent Change
371106	-25%	371449	-58%
371135	-28%	371450	-53%
371148	-26%	371457	-49%
371158	-25%	371502	-33%
371159	-28%	371503	-8%
371174	-27%	371506	-42%
371175	-30%	371507	0%
371203	-19%	371610	-41%
371215	-3%	371706	-36%
371249	-12%	371711	-30%
371284	-27%	371714	-37%
371320	-25%	371715	-28%
371402	-41%	371720	-31%
371405	-32%	371721	-12%
371406	-52%	371723	-16%
371408	-48%	371803	-9%
371409	-50%	371805	-37%
371410	-48%	371809	-25%
371419	19%	371810	-45%
371421	-29%	371812	-23%
371425	3%	371817	-27%
371426	0%	371819	-9%
371427	-50%	371903	-40%
371428	0%	371904	-29%
371430	-52%	372001	-13%
371442	-51%	372101	-40%
371445	-34%	372105	-48%
371447	3%	372106	5%
371448	-45%	372108	1%

Overall
-30%

Additional Info on SE Wayne Twp

Local Housing Crisis

A host of factors created a wave of foreclosures, devalued properties and blighted neighborhoods

By Dan Stockman

John Boyd points to the houses up the street, across the street and down the street.

“That was a drug house. That one was a drug house. That was a drug house,” he says. “That one over there was a drug house.”

The drug houses of Drexel Avenue just north of McMillen Park are gone now, a result of a concerted effort by the Fort Wayne Police Department. But, hard as it may be to believe, getting rid of the crack dealers was easier than solving the problems weighing down the neighborhood these days.

Now the problem is empty houses. And For Sale signs. And For Rent signs. And board-ups.

While Boyd’s neighborhood is an extreme example, it shows many of the powerful forces at work all over Allen County, forces that affect the value of every home no matter how large or small.

How bad is it?

As anyone who has bought or sold a house here in the past few years can tell you, the residential home market – especially within the city of Fort Wayne – has been slow. And it is likely to get worse yet:

• Between 1990 and 2000, there were 15,689 new households added to Allen County’s population. But there were more than 21,000 building permits issued, according to studies done for the joint Fort Wayne-Allen County Comprehensive Plan.

• Many of the houses sold were paid for with loans the buyers couldn’t afford: In 2005, at least 1,555 houses were sold in sheriff sales after foreclosure. In 2006, that number grew to 1,808 sheriff sales. And in the first half of 2007, there were 1,065, and the trend shows no signs of slowing. That’s nearly 5,500 sheriff sales in three years; there are about 139,000 housing units in the county.

• Though new construction has slowed dramatically, houses continue to be built. Meanwhile, the number of unwanted houses is growing at an unprecedented pace: In 2000, the U.S. Census Bureau counted 10,160 vacant housing units in Allen County. By 2006, that number was estimated to have grown to 15,821. That would mean more than one of every 10 housing units in Allen County is vacant. In Vanderbugh County, 9 percent are vacant.

The result of all these forces? Slumping demand – the number of sales of existing homes keeps dropping, the number of new houses built keeps dropping, and the number of days houses spend on the market before selling keeps rising.

When demand falls, so must prices.

The Midwest has been somewhat insulated from falling home values, mainly because it also didn't benefit from the real estate bubble, experts said. Prices in Allen County have largely held steady the past couple of years, but if the number of vacant houses continues to grow, average prices could drop dramatically.

Karan Flick, CEO of the Fort Wayne Area Association of Realtors, said prices are down somewhat from their high in 2005, but not much.

"We didn't see the great appreciation levels of other places, but now we're not seeing the great corrections, either," Flick said. "Obviously, we are seeing more foreclosures right now. When you have distressed properties and short sales (where homes are sold for less than is owed on the mortgage), that's going to drive down prices somewhat."

The silver lining is that it may be a good time to buy a house.

"Assuming you're in a financial position to do it, it's more of a buyer's market now, you have more choices," Flick said.

Government studies show the market forces at work have created a doughnut of demand, where neighborhoods in the suburbs see stable or rising demand, and neighborhoods in the urban core see demand fall. Falling demand lowers prices, brings in more rentals and hurts economic development.

Meanwhile, in the suburbs, the new strip malls and restaurants that follow the population shift bring more sprawl and consume more farmland. They also spread out the services governments have to provide, such as water and sewer and roads and streetlights.

It's also possible the seemingly steady prices of homes in Allen County are actually a mirage: The countywide numbers might be buoyed by higher demand in the suburbs, which would mask falling prices in urban areas.

In fact, said Heather Presley, the city's deputy director for housing and neighborhood services, prices are so low in some areas that people can afford to simply abandon the house and move somewhere else.

"When you combine that with the affordability we have here and you've got housing stock that people can literally walk away from," she said, "they can abandon the house and be just as self-sufficient somewhere else."

The situation is so dire that top city officials are – for the first time – considering a major philosophical shift in their housing strategy. After decades of working to create housing, they are now thinking about tearing it down (See story Monday).

How did it happen?

The housing and mortgage crisis is affecting much of the nation, but some areas have been hit harder than others. The south edge of the Greater McMillen Park neighborhood has been especially afflicted.

Along Oxford Street, Trentman Avenue and Drexel Avenue, nearly one out of every six houses appears empty, is for sale or for rent. It only takes a few foreclosures in a neighborhood to lower property values by up to 15 percent, experts say.

"You look at what that does to neighborhoods, and it's just a spiral," Presley said.

According to the studies done as part of Fort Wayne and Allen County's joint comprehensive plan, it is not uncommon for builders to build more houses than there are new households in an area, especially in the Midwest.

As older homes – especially those built in the 25 years after World War II – fall out of favor, demand for shiny new houses with no-maintenance windows and efficient furnaces intensifies.

Those postwar houses also suffered because they were built during a building boom, resulting in smaller houses on smaller lots. New houses come with open space, big yards for the kids and a two-car garage.

And then there is Robert Johnson. At one point, his Affordable Rentals managed 850 rental houses, mostly on Fort Wayne's southeast side. After Johnson's death in 2001, those 850 rentals hit the market like a millstone. Today, rental houses can be purchased for as low as $10,000.

As some investors have discovered, the price of rentals is low because that is all the rent will cover in financing and maintenance.

Just ask Ryan Romey. A few years ago, Romey owned 225 rental homes in Fort Wayne. But even with all the economies of scale that kind of operation brought, it was still a tough business.

Then came reassessment.

When Indiana switched its property tax system from one based on depreciation to one based on market value, the taxes on older homes exploded. To help homeowners, the state dramatically increased the homestead exemption – but the exemption doesn't apply to houses you own but don't live in, such as rental properties. Romey said the taxes on some houses he owned on Winter Street were more than the taxes on his own home on the northeast side.

"The taxes and insurance were more than the principal and interest" on the loans used to finance the properties, he said. "We were paying more in insurance and taxes than anything else."

And there was the glut of houses: There are so many rental houses and so few renters that landlords are basically forced to take any renter who appears, Romey said. They move in, but never pay the rent. And when they are finally removed, the house has to be remodeled.

"It was sad to watch the society that we've become when people know the system, they know they can pay you nothing to move in, pay you not at all once they do move in, live two to three months rent-free, once you file for eviction in the courts it's two or three more months, and in the meantime they're trashing your house," Romey said. "For six months you haven't made a dime and then you're redoing (the house) again."

Those who do pay the rent don't pay much, because there are too many rentals.

"When you're only getting $325 or $350 for a three-bedroom house, there's just no way," Romey said.

In early 2006, when it was clear the business was sinking, he started selling houses as quickly as he could. Some, with bank approval, he sold for less than he owed on them. Others he fixed up just to sell. He was able to stave off bankruptcy for a while, but finally filed for protection from his creditors in 2007.

Now, after living his entire life in Fort Wayne, he has moved his family to Grand Rapids, Mich., where he manages a large apartment complex.

How bad is the rental market? Landlords won't talk about it openly because of the legal implications, but some will say privately that the best tenants they had were drug dealers, because they always paid their rent and never needed maintenance until the police broke down the doors and arrested them.

Because of the low or non-existent profits, landlords don't invest in their properties and they continue to deteriorate, Presley said.

"They can't get any money out of it, so they don't improve it," she said. That drags values in the neighborhood down even further.

Head for the hills

Americans have been leaving the cities for the suburbs for decades, and Fort Wayne is no different. But the outward flight seems to have become more pronounced in the past 20 years, so much so that Allen County officials in 1997 had to place a moratorium on new development in Aboite Township, served by what was then Utility Center water, because of concerns the utility could not keep up with demand.

Even then, construction continued apace, with the number of residential building permits issued staying the same during the first seven months of the moratorium as the year prior.

There were so many new homes constructed from 1990 to 2000 that the number of building permits issued outpaced the number of new households in the county by 35 percent, according to studies done for the joint Fort Wayne-Allen County Comprehensive Plan.

"With healthy growth, I would say you should have a bit more housing stock than households," Presley said. "I would say 35 percent gives us a surplus that is putting some stress on the core neighborhoods."

The glut of houses has also created a market of the most unsavory kind: Those who used easy credit and low prices to run mortgage schemes.

Because rental property values are so low and because banks were willing to lend money on investment properties, some people were able to parlay the difference between actual value and financing into handsome profits.

One mortgage scheme uncovered by The Journal Gazette in early 2007 had a deal maker finding rental properties for as little as $20,000 and arranging mortgages for his investors for up to triple that amount and pocketing the difference. The newspaper found at least 100 properties in that financing ring; attorneys say there may have been as many as 200 houses involved.

In another case, bank ABN Amro alleged in a lawsuit that a mortgage scheme defrauded it on 150 houses in Fort Wayne – the mortgage broker in that case now faces federal charges – and other banks have alleged they were defrauded on mortgages on hundreds more houses.

Most of those houses end up in foreclosure – adding empty homes to already-struggling neighborhoods.

'Nobody moves in'

John Boyd and his wife, Louise, have lived in their Drexel Avenue home for 32 years. When they moved in, it was a nice neighborhood filled with working families.

Now, there are pockets of nice houses, where owners keep them up. But there are also problems. Big problems.

Thirty of the 187 houses along Oxford, Trentman Avenue and Drexel Avenue between Queen Street and Wayne Trace are either boarded up, appear vacant, are for rent or for sale. That's one of every six houses.

"They move out and nobody moves back in," said the Boyds' son, Greg. Rentals get trashed and landlords can't afford to repair them. Or even if they do, there are no tenants to rent them and they sit empty. Houses sit for sale for months at a time. Some are boarded up and abandoned altogether. Every one is another nick at the value of the others.

“What do I keep fixing it up for when it doesn’t get me no value?” asked John Boyd. “You can’t get anybody to buy it.”

When they renovated their small but neat house a few years ago, the appraiser initially said it was worth $69,000. But after figuring in the neighborhood, the value dropped by $20,000. Then the Boyds were told their loan was a fixed interest rate when it was actually adjustable. Now they wonder what it will be worth when they want to retire. They sit in their well-maintained lawn and watch neighboring homes go to pieces.

“This used to be a nice neighborhood,” Louise Boyd said. “Now people move over here and they don’t own their home so they don’t care.”

As seen in the Fort Wayne Journal Gazette on June 22,2008

The Wrecking Ball

The city is exploring a revitalization strategy in which even solid houses would meet …

By Dan Stockman

Sometimes, the only way to remove a cancer is to cut it out.

For decades, Fort Wayne has used demolition to tear down the worst of the worst: houses that are falling down and can’t be repaired or won’t be repaired by recalcitrant owners.

Demolition can remove a tumor of a house that’s afflicting a neighborhood. But now, city officials are considering using targeted demolition to improve the overall health of the area.

Take the neighborhood just north of McMillen Park: Falling values have turned many of the homes there into rentals, and the sour rental market has turned many of those into empty shells waiting for tenants. Some of the homes with people living in them have at times looked more like Dumpsters with windows.

Thirty of the 187 houses along Oxford Street, Trentman Avenue and Drexel Avenue are for sale, for rent, appear empty or are boarded up. That’s almost one of every six.

Turning it back into a healthy neighborhood may take more than just tearing down the boarded-up homes, officials say.

In addition to other tools the city has, like new sidewalks and decorative street lights, it might take something like tearing down the four houses along Wayne Trace to clear the way for commercial development. Or maybe removing some houses in the center to create a “pocket park,” a neighborhood green space.

That could mean tearing down houses that aren't already falling down. Houses that otherwise would be allowed to stand.

"It's a different way to look at it, and the city hasn't done that in a long time," said Heather Presley, Fort Wayne's deputy director for Housing and Neighborhood Services. "It's not just tearing down existing housing stock that's been vacant or abandoned, it's looking at where are those housing units and how are they impacting the neighborhood? We need to keep our neighborhoods strong, and if that means removing some houses, we need to look at that."

This from a city official who has spent four years trying to improve housing in Fort Wayne, which usually means building new houses, or at least rehabbing old ones.

But the strategy makes sense when you consider the U.S. Census Bureau estimated in 2006 that there were 15,281 vacant housing units in Allen County, or more than one in every 10. Because the number is estimated, the Census Bureau said the number of vacant homes could be as low as 13,580 – or as high as 18,062.

Following the plan?

Last year, Allen County and Fort Wayne adopted their first-ever joint comprehensive plan, the document government planners look to when deciding whether to allow a developer to build a new subdivision or a Wal-Mart Supercenter.

The proposal, called Plan-it Allen! aims to discourage turning cornfields into rows of rooftops and encourage building in areas already developed. But the plan is just a plan, and the final decision on development is up to the elected officials on the Allen County commissioners and the Fort Wayne City Council.

And that's where matters get tricky.

Having the government tell property owners what they can or cannot do to their property goes against the deepest principles many hold dear. Even liberal politicians who see government as a way to encourage development are sometimes reluctant to say no to a development that promises jobs and taxes, even if it's in the wrong place.

Will elected officials follow the guidelines set out in the proposal?

Kim Bowman, executive director of Allen County's department of planning services, said the staff will make sure the decision makers are aware of what the plan says.

"Those bodies that approved the plan have the intention of implementing it or else they never would have adopted it," Bowman said. "The plan is a guide, not hard and fast like an ordinance, but … our decision-makers take it to heart."

Presley says the answer is to make the decisions easy by creating demand for development in areas Plan-it Allen! calls for development. Where there is demand, developers will follow.

"It's creating the competing option," Presley said. "People are going to be hard pressed to make a decision on a policy that goes against demand."

That's what projects like Harrison Square downtown and Renaissance Pointe at Hanna-Creighton are all about: Creating demand in areas with little or none.

Harrison Square's baseball stadium may get all the attention, but the project as much about the condos and retail space it will create – the stadium is just a way to ensure the other parts are successful. Renaissance Pointe aims to get a dying southeast-side neighborhood past the tipping point where other homebuilders can work in the surrounding area building on vacant lots or rehabbing old houses without government hand-holding.

So far, Renaissance Pointe has only four houses under contract, and sales of Harrison Square condos are less than anticipated.

"It's supply and demand," Presley said. "There's got to be a demand for housing in the core."

And there is simply little demand for houses built in the 25 years after World War II.

"The more construction exceeds growth, the more abandonment of existing housing stock occurs. Because all, or most, of the least-preferred housing is in the central part of the city, this area receives the brunt of vacancy and eventually abandonment and demolition, while the suburban areas … are almost fully occupied," the Plan-it Allen! housing study says.

While the constant addition of housing makes better and better quality homes available to more and more people, the plan notes, it also creates a steady stream of unwanted properties.

Creating demand will be a tall order: Though new houses are being built in Renaissance Pointe, and there are comparable homes nearby built in other renewal efforts, appraisers need sales within the last 12 months to determine value. With the small number of newer homes, there aren't enough sales, so the appraisals are coming in lower than it cost the builders to construct the house. That has forced the city to make up the difference until the market can take over.

Did Allen County officials allow too many homes to be built in the suburbs at the expense of city neighborhoods?

"There's two sides to every story," Bowman said. "Some people will say there's too much. There's also an opinion that housing goes where people are demanding it."

John-Michael Segyde, a Realtor at Martin Goldstine Knapke in Fort Wayne, said it can be difficult to find a house to buy in the $80,000 to $90,000 range in St. Joseph Township, because there is huge demand and little supply.

"I would sell there all day long," Segyde said. "On the flip side, in Aboite I had a house on the market almost two years. I just got it sold at a discount."

There, the supply of some houses, especially in the $190,000 to $235,000 range, was overwhelming.

"You'd see a house, the clients love it, and you go out the next day and the clients forget all about that house because they find three more they like," Segyde said.

At the same time, you can buy a starter house on Lillie Street, which runs parallel to South Anthony Boulevard, for $35,000.

Still, Plan-it Allen! has given decision-makers new accountability, Presley said. Thanks to the studies done before the plan was developed – the supporting documents number nearly 500 pages – we can now see the cost of past decisions: sprawl surrounding a decaying core.

"It's a mirror to look at ourselves in. We might still make bad decisions, but now we can't say we didn't know," Presley said. "When you calculate the impact of what you do and where you do it, I think people would be stunned at how it taxes public systems. I have to believe if they knew, they wouldn't make some of those decisions."

A modest proposal?

Presley stresses that changes in demolition policy being considered are just adding another tool to the city's collection of things it can do to improve neighborhoods.

"There's a reason it's not called a demolition strategy," Presley said. "It's a means, not an end. If there's a house having a blighted influence on a neighborhood, tearing it down is not the solution. It may be part of the solution, but it's not the whole solution."

Fort Wayne City Councilman Glynn Hines, D-6th, who represents many of the neighborhoods most in trouble, said he supports anything that gives city leaders more tools to improve neighborhoods. "You need to take a comprehensive approach," Hines said. "You're trying to consider all the alternatives that will enhance the quality of life."

And no one is talking about an approach as radical as the one taken by Youngstown, Ohio: Trying to demolish as many vacant buildings as possible. Fort Wayne has demolished more than 1,000 houses since 1990. Youngstown, by contrast, has gone from demolishing 200 buildings a year to an unprecedented 1,000 in two years, according to the Youngstown Vindicator. That pace is expected to continue for three more years.

Youngstown's situation is also much different: Its population has been cut in half with the loss of its steel industry, leaving thousands of abandoned homes across the city. Those people didn't move to the suburbs, they left the area entirely.

Instead of a demolition strategy, Presley said what's being considered is an abandoned structure strategy.

"We need to look at what housing is out there that is bringing down the neighborhood and what do we need to do about it," she said. "Part of that may be demolition."

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